

**TO:** Peter Henriques

**DATE:** February 27, 1992

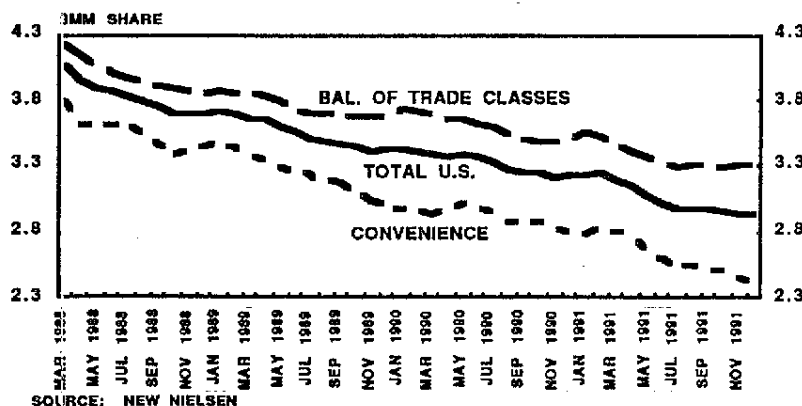
**FROM:** Marketing Information & Analysis/Hunter Harwood

**SUBJECT:** Benson & Hedges Performance

**SUMMARY**

- Across available data sources, Benson & Hedges' share decline, which had been on a downward trend through July 1991 appears to have moderated through the balance of 1991 and is slightly above trend. Nielsen's 1MM/3MM share is 2.9, with the brand's share remaining almost flat for the last two quarters of 1991. On a 12MM basis, the brand's 3.0 share is -0.3 share points below 1990.
- During the second quarter of 1991, the brand's below-trend performance can be attributed to diminished promotional support, as Marlboro Medium was launched. When promotional activity was resumed during the third quarter, the brand's share stabilized.
- During the fourth quarter of 1991, B&H gained momentum in carton outlets, attributable to increased promotional activity including direct mail and a BIG 1/2 carton free promotion. These promotions contributed to the brand's above-trend performance in Supermarkets and Drug stores during the second half of 1991.
- Shipments of 16.3 billion units for 1991 were 2.2 billion or 11.9% below 1990. The largest component of the brand's volume loss was the Full Flavor segment, which declined 14% versus YAG.
- Benson & Hedges' stability:
  - is in Region 2 (Nielsen 3MM: 3.2 SOM, -0.2 vs. YAG), where the Discount category is under developed;
  - is in Supermarkets, which benefitted from the carton programs fielded in the fourth quarter of 1991 and where 3MM share is -0.2 share points below YAG, at 3.4 SOM;
  - is in Grocery stores, where the brand is least developed but where its 3MM relative share decline versus YAG is lowest (-4.6%) across trade classes; Convenience stores' relative share loss is highest, at -13.7%;
  - is in its Ultra Lights and Menthol packings, which are flat versus YAG.

**BENSON & HEDGES  
3MM SHARE TRENDS  
Total U.S.**



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- The brand's declines have been:
  - greatest in Region 3, where the Discount category, notably Sterling has had its greatest share growth;
  - driven by Convenience stores;
  - primarily in A counties, where Montclair is best developed;
  - in its non-menthol packings, which contribute 63% to the brand's volume loss;
  - driven by Full Flavor and Lights, which contribute 79% to the brand's volume decline at retail.
- The brand's share of the Premium 100MM category has remained stable, and is slightly above YAG levels. However, the brand's share of the total 100MM category is continuing its decline, attributable to the growth of Discount 100MM packings. Two recent sub-generic introductions, Sterling Slim Lights and Style may contribute to B&H's continued decline within the 100MM category as these brands gain share and distribution.

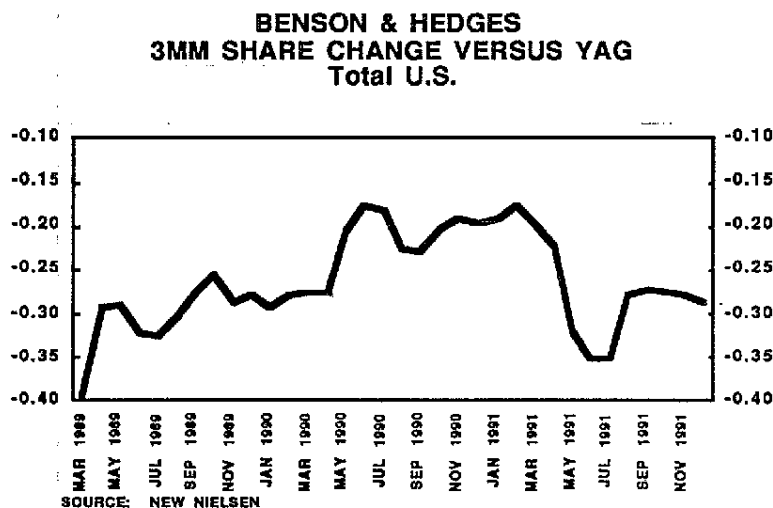
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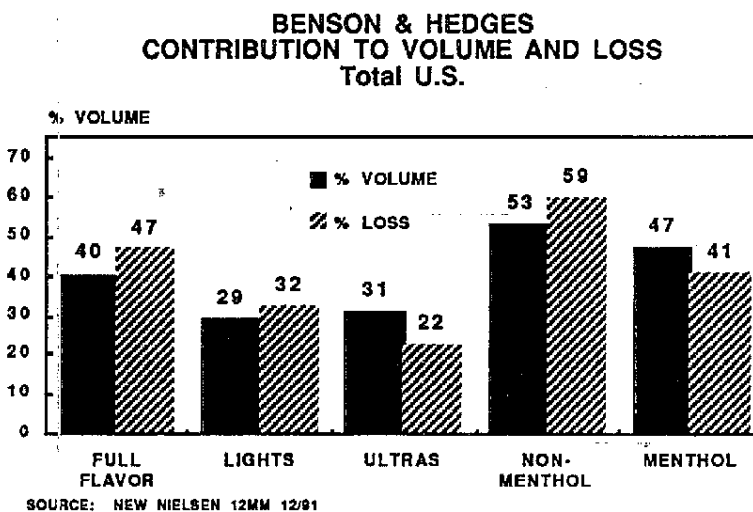
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## FINDINGS

- Benson & Hedges' downward share trend has stabilized, with 3MM share change versus YAG during the second half of 1991 moderating in response to consumer promotions. Reduced promotional support and the launch of Marlboro Medium likely contributed to the brand's significant share declines during the second quarter of 1991.



- Nationally, the brand's Full Flavor and Lights segments are continuing to experience share erosion, while Ultra Lights is demonstrating relative stability across regions and trade classes. The brand's share losses are also driven by non-menthol packings, which contribute more than their fair share to the brand's volume losses.



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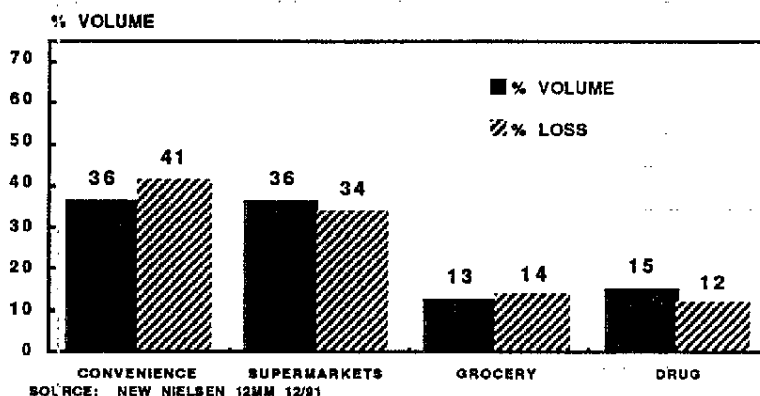
- Regionally, the brand's most significant share losses, both relative and absolute are in Region 3. In Region 3, where the Discount category and Sterling are well developed the brand's 12MM share has declined -0.4 share points (-16.7%) to 3.0 SOM. In Region 5, where the brand is best developed the brand has declined -0.3 share points (-6.9%) to 4.5 SOM. B&H is demonstrating relative strength in Region 2, where Discount is under developed but where Montclair is strongest. In Region 2, the brand has shown a moderate, -0.2 share point decline versus YAG to 3.2 SOM. Note that in Region 1, the brand had its lowest share decline but, next to Region 3 had the highest volume loss.

#### BENSON & HEDGES

	NIELSEN 12MM SHARE	SHARE CHANGE VS. YAG	NIELSEN 12MM VOLUME CHANGE
TOTAL U.S.	3.03	-0.28	-10.4%
REGION 1	2.81	-0.18	-10.5%
REGION 2	3.23	-0.19	-7.7%
REGION 3	3.00	-0.40	-13.7%
REGION 4	2.00	-0.26	-10.3%
REGION 5	4.53	-0.29	-9.7%

- Across trade classes, the brand's share and volume declines are greatest in Convenience and Grocery stores, where Discount has had its greatest share growth. Both trade classes contribute more than their fair share to the brand's volume declines versus YAG. In Supermarkets, despite several promotions fielded in the fourth quarter of 1991, the brand's -0.3 share point (12MM) decline to 3.4 SOM is only slightly below that of C-stores.

#### BENSON & HEDGES CONTRIBUTION TO VOLUME AND LOSS Total U.S.



- The brand's share losses in A counties, where it is best developed can be attributed to the growth of Discount brands. Despite its current under development in A counties, Discount's relative rate of share growth is greater than in B/C/D counties.

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## **BRAND SEGMENTS**

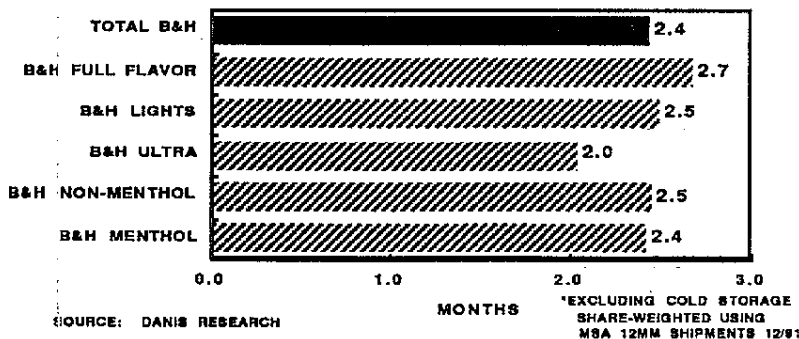
- Nationally, the B&H Full Flavor segment had the most significant volume and share decline from YAG, followed by B&H Lights. Both segments had their maximum share losses in C-stores (-0.1 vs. YAG). In Supermarkets, Full Flavor also experienced this level of decline, while Lights was flat.

### **BENSON & HEDGES**

	<b>NIELSEN 12MM SHARE</b>	<b>SHARE CHANGE VS. YAG</b>	<b>NIELSEN 12MM VOLUME CHANGE</b>
<b>TOTAL</b>	<b>3.03</b>	<b>-0.28</b>	<b>-10.4%</b>
<b>FULL FLAVOR</b>	<b>1.22</b>	<b>-0.13</b>	<b>-11.9%</b>
<b>LIGHTS</b>	<b>0.87</b>	<b>-0.09</b>	<b>-11.5%</b>
<b>ULTRA LIGHTS</b>	<b>0.94</b>	<b>-0.06</b>	<b>-7.6%</b>
<b>NON-MENTHOL</b>	<b>1.61</b>	<b>-0.17</b>	<b>-11.5%</b>
<b>MENTHOL</b>	<b>1.42</b>	<b>-0.11</b>	<b>-9.1%</b>

- Both Full Flavor and Lights, which in aggregate comprise 70% of the brand's volume, each contribute more than their fair share to the brand's volume losses and represent 79% of its decline from YAG.
- B&H Ultra Lights is demonstrating the greatest stability among segments. Across trade classes, on a 3MM/12MM basis, its 0.9 share is flat to -0.1 versus YAG, and contributes less than its fair share to the brand's volume declines.
- The brand's non-menthol packings are declining at a faster rate than its menthol counterparts. The non-menthol packings, which contribute slightly more than 50% to the brand's volume, comprise nearly 60% of its volume loss.
- Across 20 markets surveyed by Danis Research, B&H's share-weighted shelf age, excluding cold storage product was 2.4 months. This compares favorably to all PM products, which averaged 2.6 months. Those segments which demonstrated the most significant share and volume declines, Full Flavor and Lights have shelf ages that are above the average for the franchise. Ultra Lights is the youngest of the segments, with an average shelf age of 2 months.

### **BENSON & HEDGES AVERAGE SHELF AGE\* 1991 Quarter IV**



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## TRADE CLASS PERFORMANCE

### BENSON & HEDGES

	NIELSEN 12MM SHARE	SHARE CHANGE VS. YAG	NIELSEN 12MM VOLUME CHANGE
TOTAL U.S.	3.03	-0.28	-10.4%
CONVENIENCE	2.58	-0.32	-11.7%
SUPERMARKETS	3.40	-0.25	-9.7%
GROCERY	2.48	-0.23	-11.0%
DRUG STORES	4.52	-0.20	-8.1%

#### Convenience

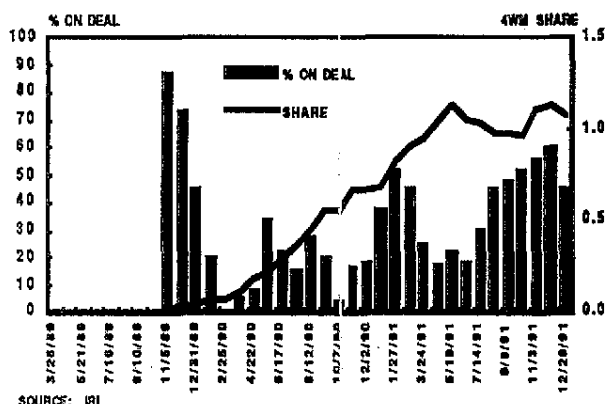
- B&H has experienced its most significant share and volume declines in C-stores. On relative and absolute bases, its share decline exceeds that of other trade classes, with 12MM relative share loss (share percent change) of -13.7% and a volume decline of nearly 12%. Convenience stores also contribute more than their fair share to the brand's total volume decline, comprising 41% of losses while contributing 36% to its volume.
- B&H's share losses in Convenience stores can be attributed to the increase in distribution of Montclair and Black & White/Private Labels. According to Nielsen, monthly weighted effective distribution of Montclair in C-stores is 70% and after Grocery, Convenience is its best developed trade class.
- The brand's share losses in C-stores are non-menthol driven, indicative of the high brand loyalty among B&H's menthol smokers and attributable to Montclair's volume contribution coming primarily from non-menthol packings. Convenience is the only trade class where menthol packings have a higher share than non-menthol, with these packing's monthly shares slightly above trend through the end of 1991.
- Across regions, the brand's 12MM share in Region 3 and 5 C-stores has declined -0.5 share points to 2.5 and 3.4 SOM, while in Region 2, its share 3.2 share is flat versus YAG.

#### Supermarkets

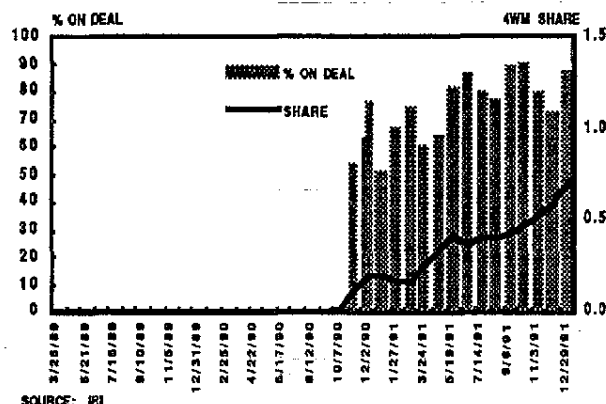
- In Supermarkets, B&H benefitted from several fourth quarter 1991 promotions, including a \$2.00 FSI fielded in June, a \$1.00 coupon w/Signature Collection offer, \$2.00/\$3.00 direct mail and a 3-\$5.00 multibrand direct mail coupon program. According to both Nielsen and IRI, these programs contributed to a net to brand of +0.2 share points above trend.
- However, Montclair's and Sterling's aggressive coupon activity may still be impacting B&H. According to IRI, 45% of Montclair's and 87% of Sterling's volume in Supermarkets was sold on deal during the second half of 1991, primarily via on-carton coupons.

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**MONTCLAIR**  
SHARE vs. % VOLUME ON DEAL  
Total U.S. Supermarkets



**STERLING**  
SHARE vs. % VOLUME ON DEAL  
Total U.S. Supermarkets



- Regionally, on a 12MM basis Supermarkets in Region 1 (3.3 SOM) are flat versus YAG. Regions 2 and 5, despite being -0.2 and -0.3 share points below YAG to 3.7 and 3.1 SOMs are demonstrating monthly shares above trend for the fourth quarter of 1991, attributable to consumer response to the carton promotions.

### Grocery

- B&H's share losses in Grocery, like Convenience can be attributed to the strong growth of sub-generics, notably Montclair. Grocery is Montclair's strongest trade class, and like C-stores B&H's losses are driven by non-menthol. Also, Grocery stores contribute slightly more than fair share to the brand's volume declines, but it is the lowest volume contributor to the brand's volume, comprising 13%.
- Across brand segments, Full Flavor and Lights each have declined -0.1 share points in Grocery stores, while Ultra Lights is flat versus YAG.
- Grocery stores in Region 2 had the greatest share decline across the regions, with 12MM share losses versus YAG of -0.5 share points to 2.3 SOM. Again, this can be attributed to the high development of Montclair. Grocery stores across the balance of the regions had a more moderate, -0.2 share point decline.

### Drug Stores

- B&H's 12MM share in Drug stores, where it is best developed, declined the least among trade classes, with a share loss of -0.2 points from 1990 to 4.5 SOM. The brand's more moderate declines in Drug can be attributed to the under-development of Discount, notably sub-generic brands.
- Although the brand's 12MM share is only slightly below YAG, its share decline in this trade class has accelerated, with a 3MM decline of -0.4 share points to 4.4 SOM. While Discount brands are still least developed in Drug, their share and distribution has accelerated during 1991, contributing to B&H's declines.

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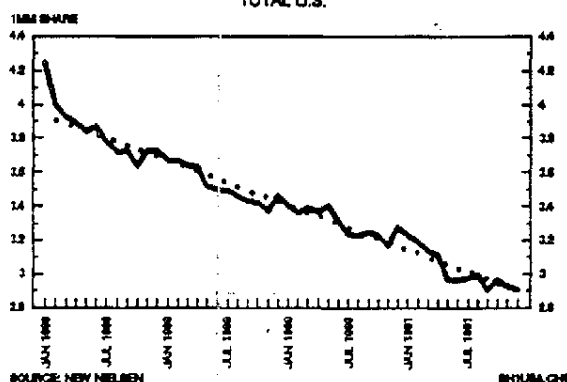
- Regionally, Drug store losses are greatest in Region 2, where Montclair is well developed and where B&H's 12MM share declined -0.3 points from YAG to 4.9 SOM. Drug stores in Regions 1,3 and 4 declined -0.2 points while Region 5 Drug stores had a slight, +0.1 share point increase to 7.7 SOM.
- On a 3MM basis, the brand's share in Region 2 Drug stores led declines (-0.6 points to 4.9 SOM), followed by Region 3 (-0.5 share decline to 4.8 SOM). In Region 5, where sub-generics remain under developed, B&H's 7.6 share in Drug stores is flat versus YAG.

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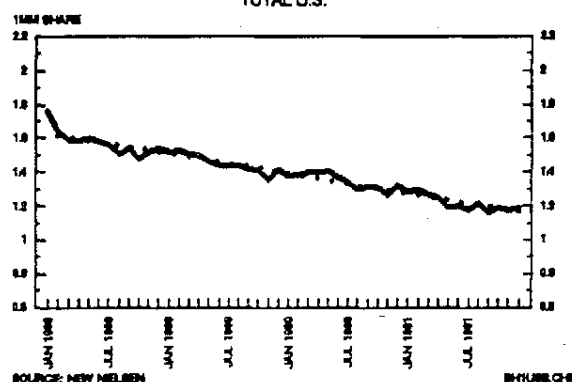


# NEW NIELSEN TOTAL B & H TOTAL U.S.

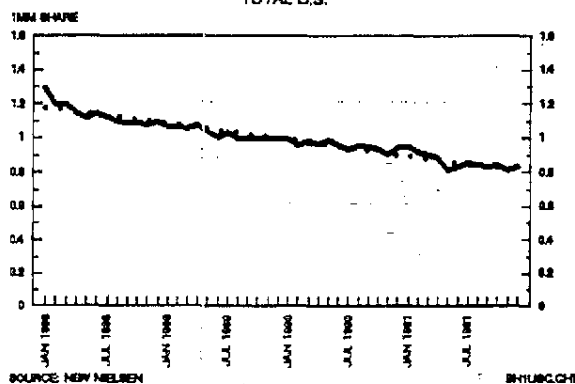
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



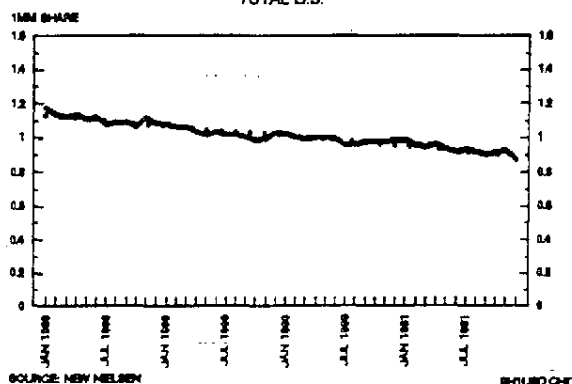
TOTAL B & H GREEN & GOLD  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



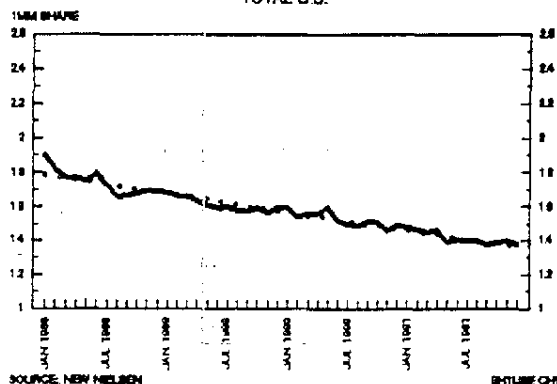
TOTAL B & H LIGHTS  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



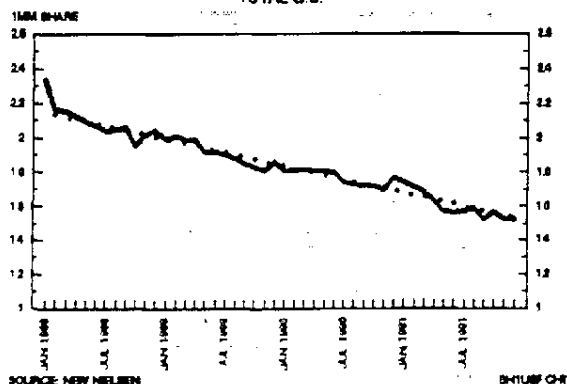
TOTAL B & H ULTRAS  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



TOTAL B & H MENTHOL  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



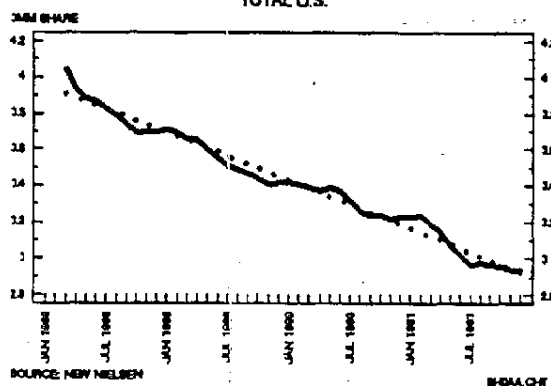
TOTAL B & H NON-MENTHOL  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



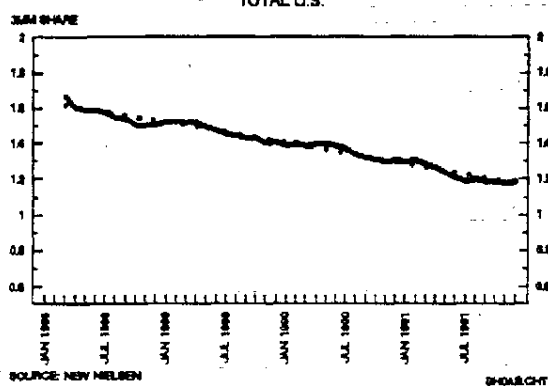
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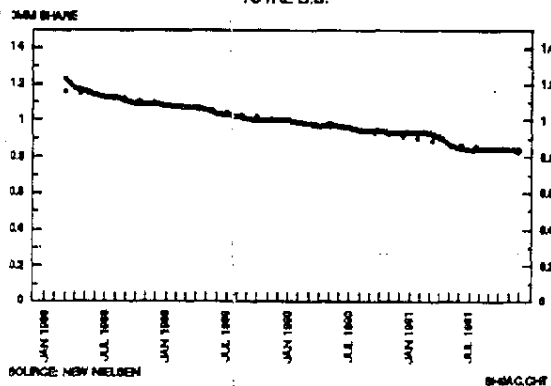
TOTAL B & H  
3MM SHARE OF VOLUME  
TOTAL U.S.



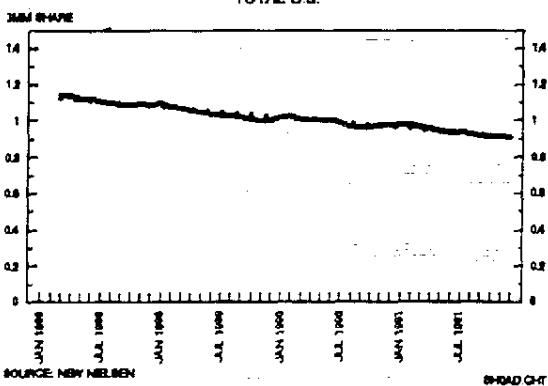
TOTAL B & H GREEN & GOLD  
3MM SHARE OF VOLUME  
TOTAL U.S.



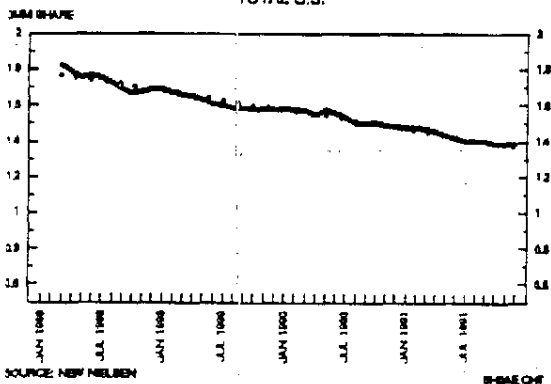
TOTAL B & H LIGHTS  
3MM SHARE OF VOLUME  
TOTAL U.S.



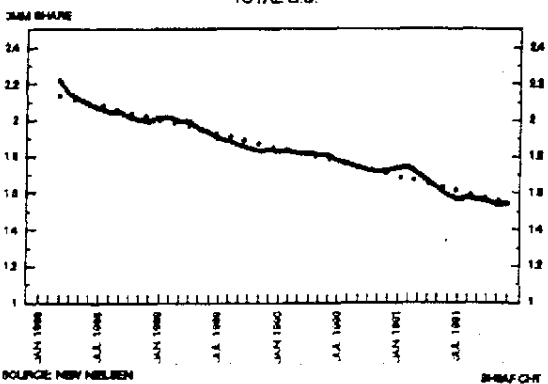
TOTAL B & H ULTRAS  
3MM SHARE OF VOLUME  
TOTAL U.S.



TOTAL B & H MENTHOL  
3MM SHARE OF VOLUME  
TOTAL U.S.



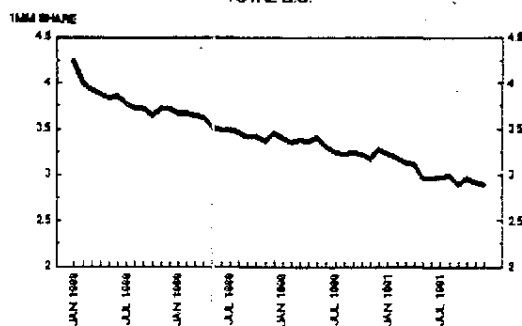
TOTAL B & H NON-MENTHOL  
3MM SHARE OF VOLUME  
TOTAL U.S.



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# NEW NIELSEN TOTAL B & H BY REGION

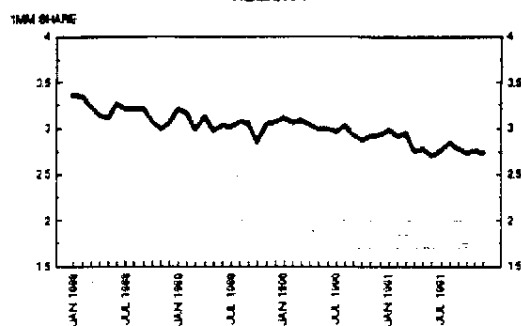
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



SOURCE: NEW NIELSEN

BHQA QHT

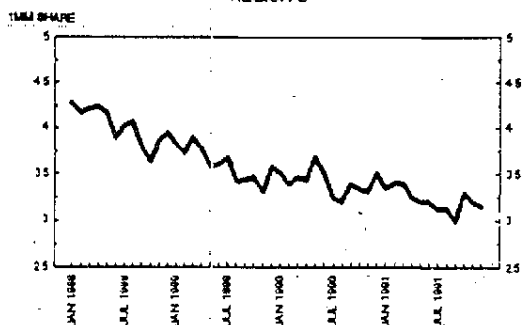
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MONTHLY CONSUMER SALES SHARE  
REGION 1



SOURCE: NEW NIELSEN

BHQA QHT

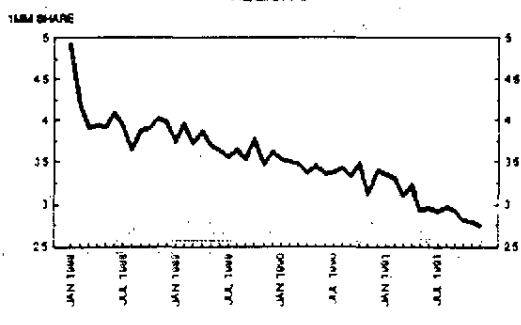
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MONTHLY CONSUMER SALES SHARE  
REGION 2



SOURCE: NEW NIELSEN

BHQA QHT

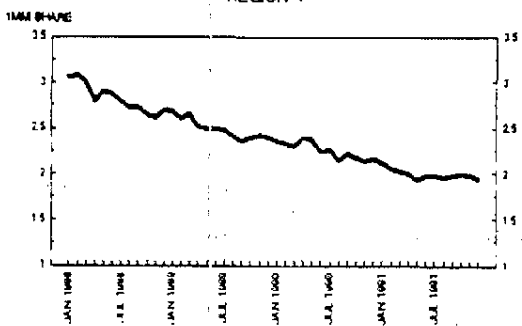
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MONTHLY CONSUMER SALES SHARE  
REGION 3



SOURCE: NEW NIELSEN

BHQA QHT

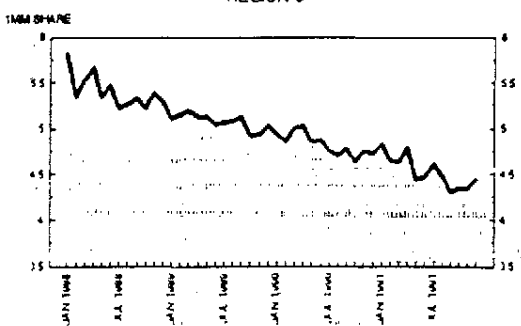
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 4



SOURCE: NEW NIELSEN

BHQA QHT

TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 5



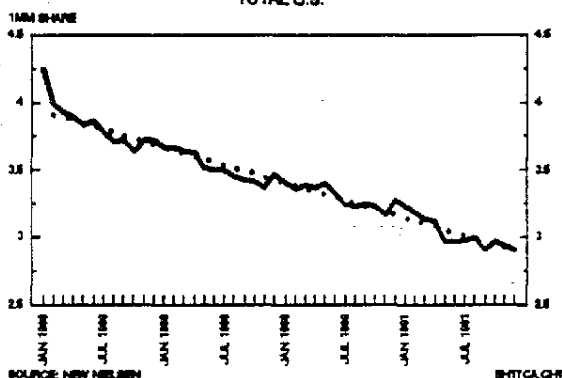
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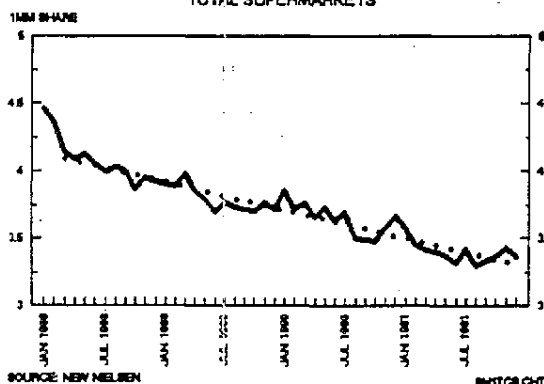
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# NEW NIELSEN TOTAL B & H TRADE CLASSES

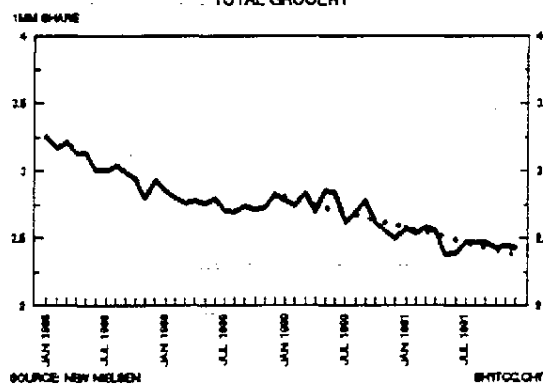
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL U.S.



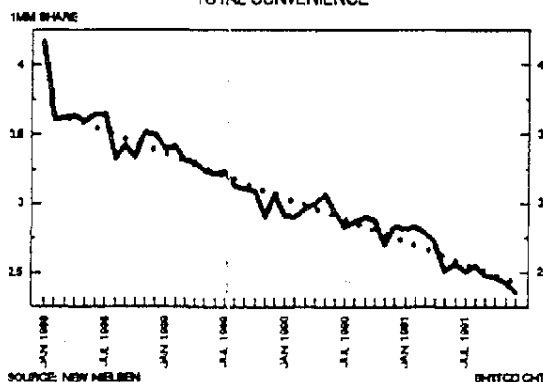
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL SUPERMARKETS



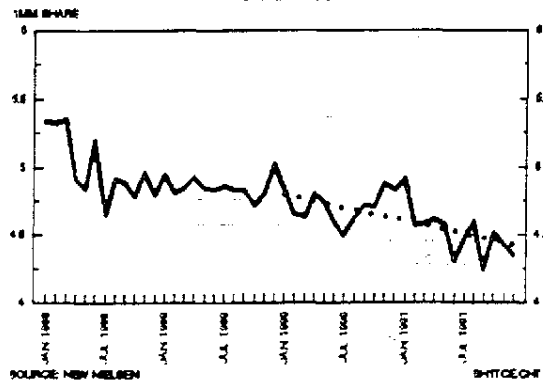
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL GROCERY



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL CONVENIENCE



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
TOTAL DRUG

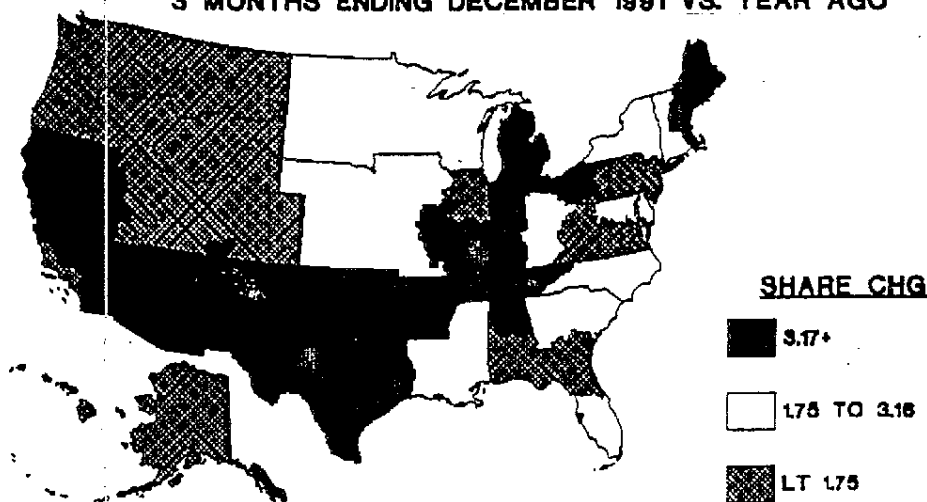


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**NEW NIELSEN  
TOTAL B & H VS. PRICE VALUE 100S  
SHARE CHANGE VS. YAG**

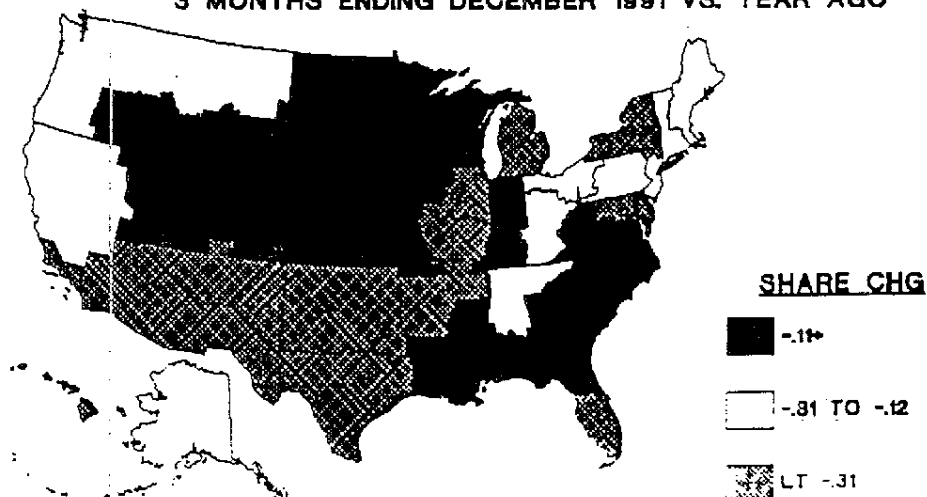
**PRICE VALUE 100S  
SHARE CHANGE**

3 MONTHS ENDING DECEMBER 1991 VS. YEAR AGO



**TOTAL B & H  
SHARE CHANGE**

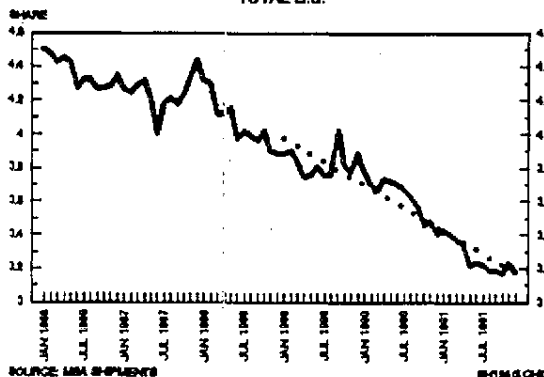
3 MONTHS ENDING DECEMBER 1991 VS. YEAR AGO



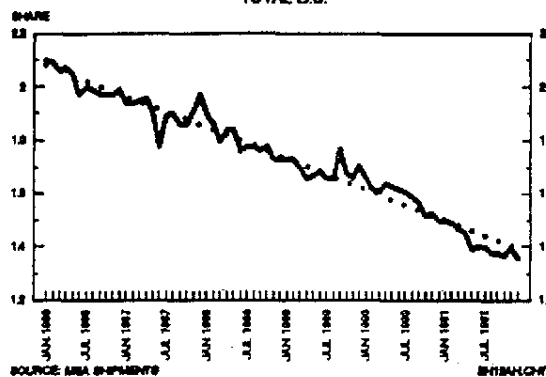
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# MSA SHIPMENTS TOTAL B & H SEGMENT (6MM)

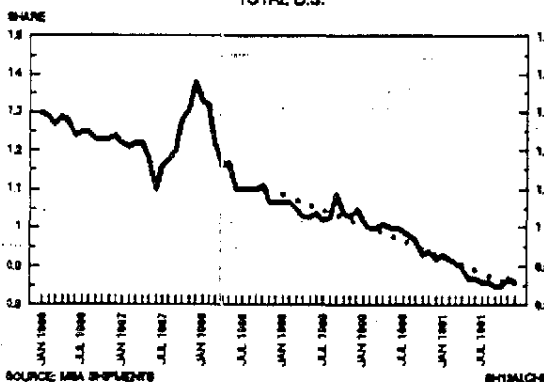
TOTAL B & H  
6MM SHARE OF INDUSTRY  
TOTAL U.S.



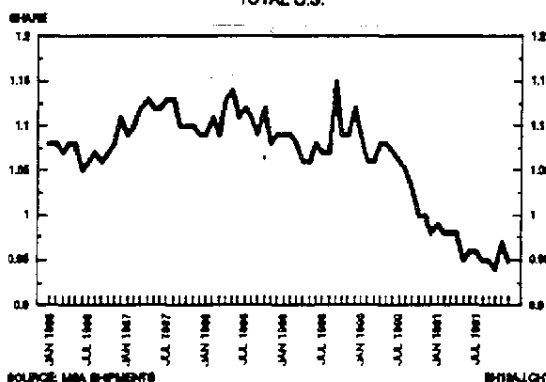
TOTAL B & H GREEN & GOLD  
6MM SHARE OF INDUSTRY  
TOTAL U.S.



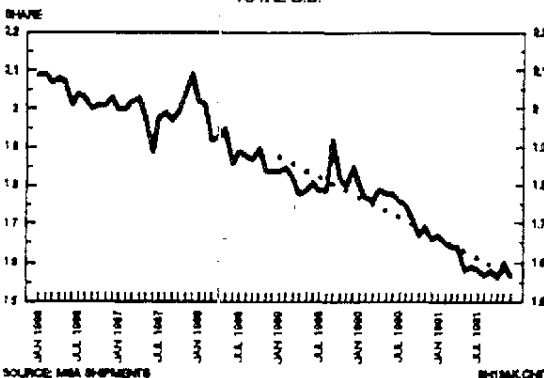
TOTAL B & H LIGHTS  
6MM SHARE OF INDUSTRY  
TOTAL U.S.



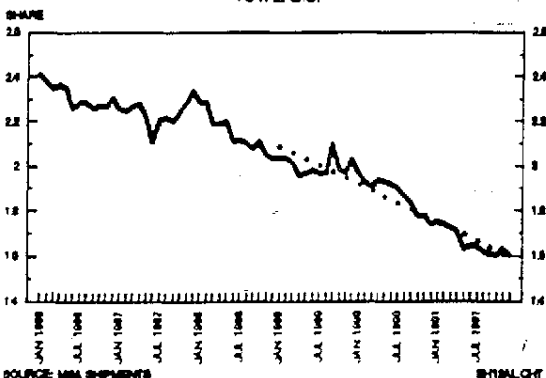
TOTAL B & H ULTRAS  
6MM SHARE OF INDUSTRY  
TOTAL U.S.



TOTAL B & H MENTHOL  
6MM SHARE OF INDUSTRY  
TOTAL U.S.



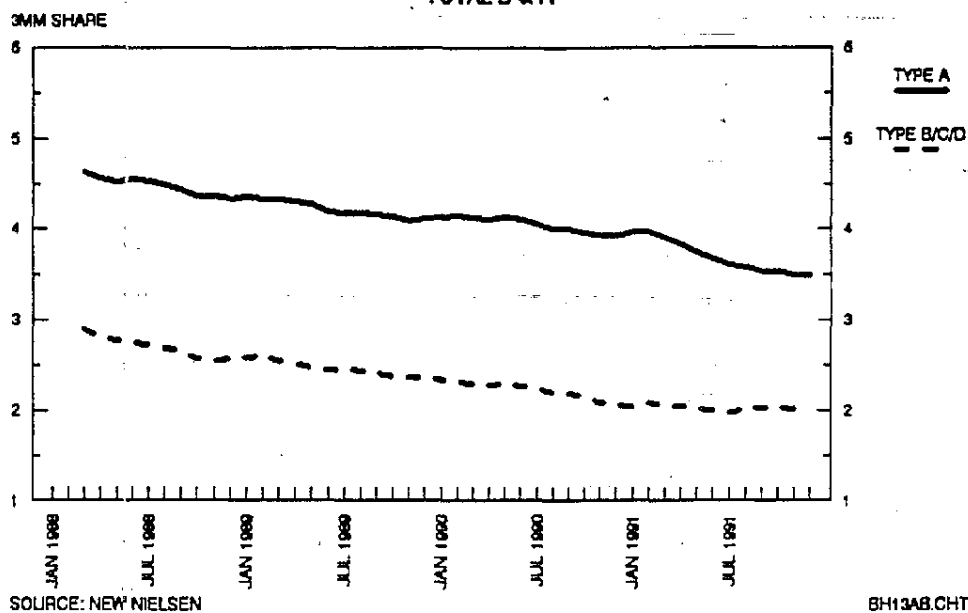
TOTAL B & H NON-MENTHOL  
6MM SHARE OF INDUSTRY  
TOTAL U.S.



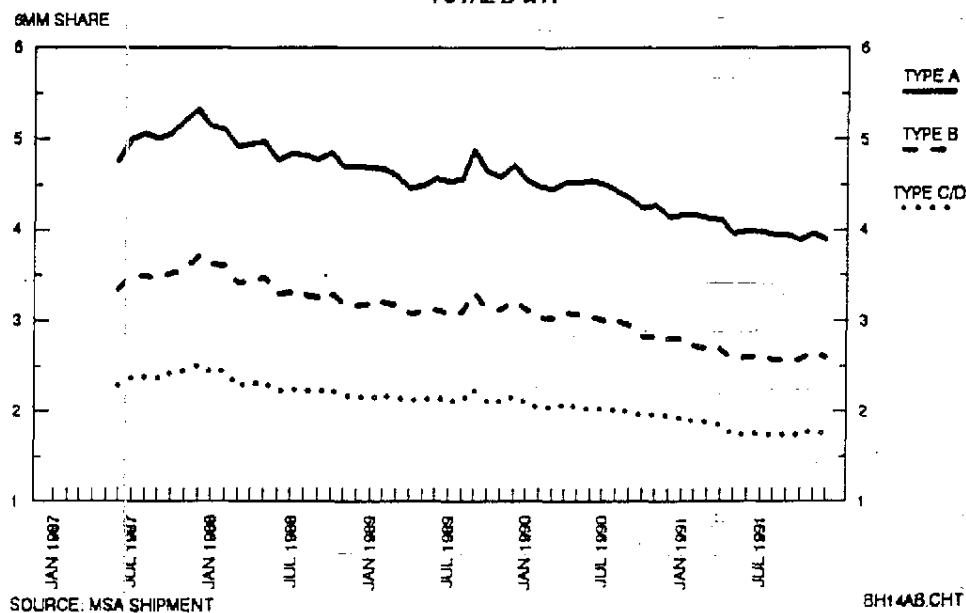
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# NEW NIELSEN TOTAL B & H COUNTY SIZE

SHARE DEVELOPMENT BY COUNTY TYPE  
TYPE A SECTIONS VS. TYPE B/C/D SECTIONS  
TOTAL B & H



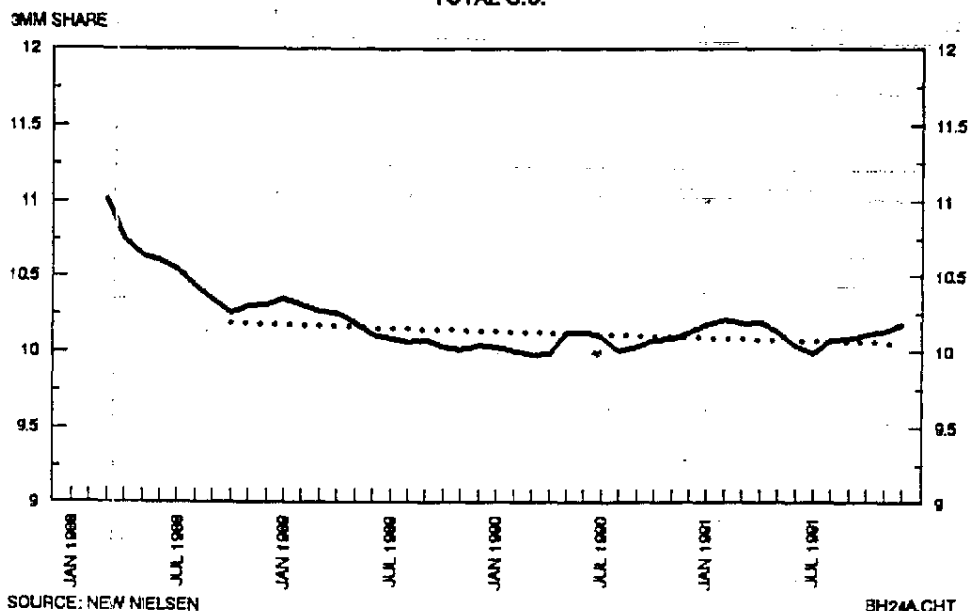
SHARE DEVELOPMENT BY COUNTY TYPE  
TYPE A VS. TYPE B VS. TYPE C/D TRADING AREAS  
TOTAL B & H



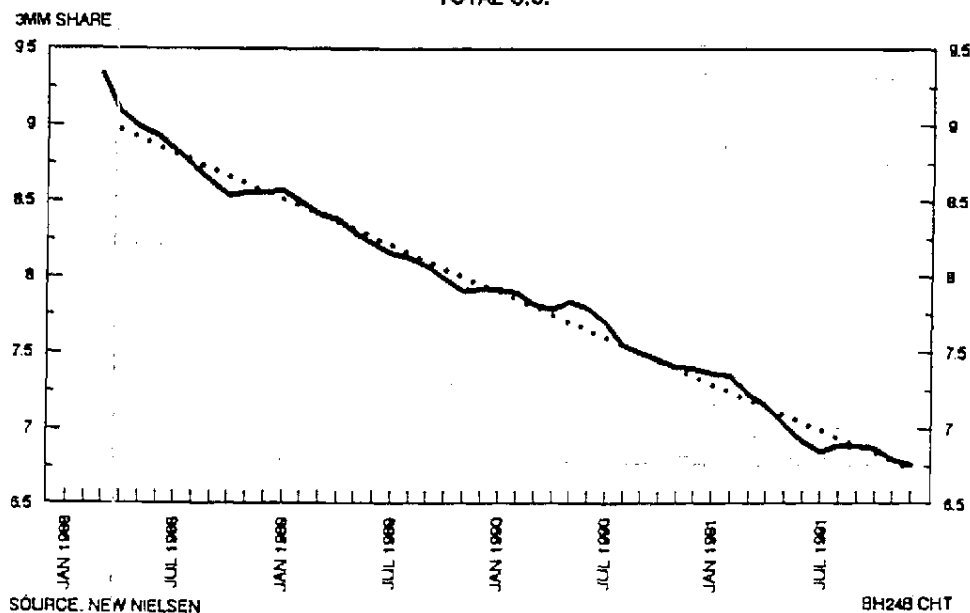
2070511985

# NEW NIELSEN TOTAL B & H 100S SHARE OF CATEGORIES

TOTAL B&H 100S  
3MM SHARE OF FULL MARGIN 100S  
TOTAL U.S.



TOTAL B & H 100S  
3MM SHARE OF TOTAL 100S  
TOTAL U.S.

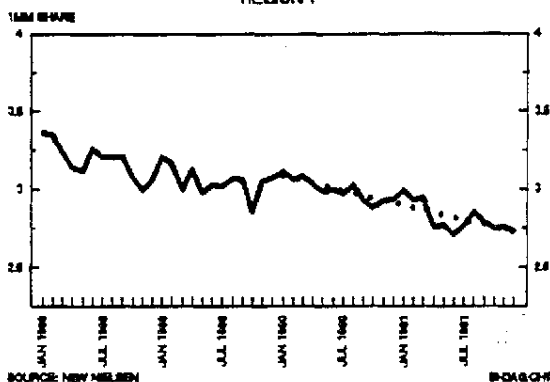


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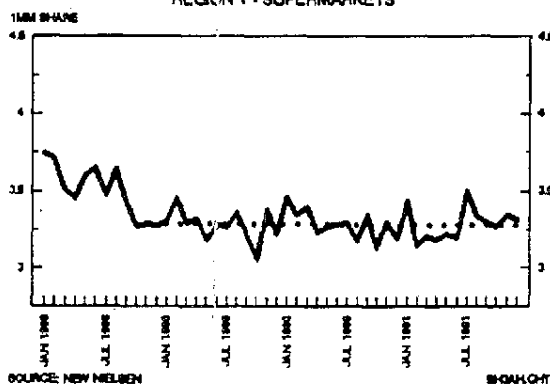


# NEW NIELSEN TOTAL B & H REGION 1 TRADE CLASSES

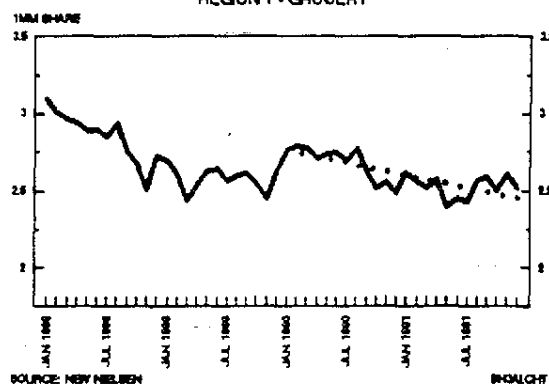
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 1



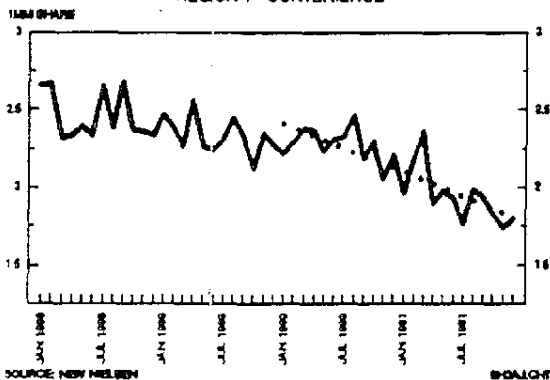
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 1 - SUPERMARKETS



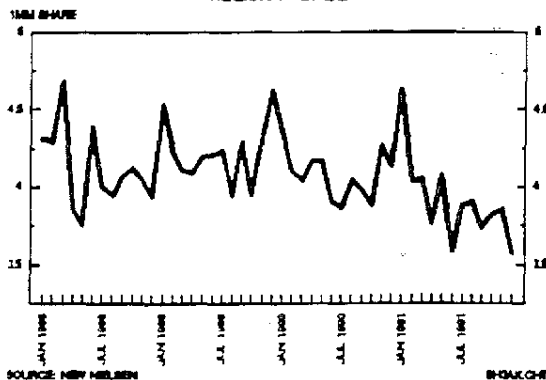
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 1 - GROCERY



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 1 - CONVENIENCE



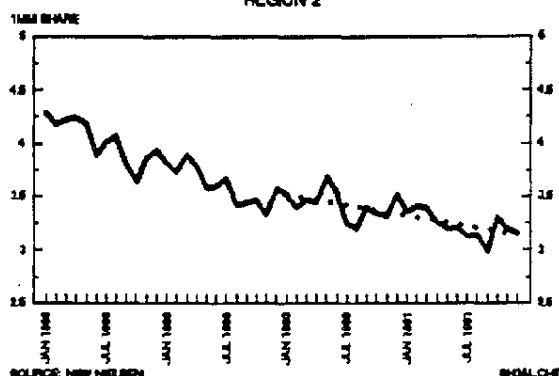
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 1 - DRUG



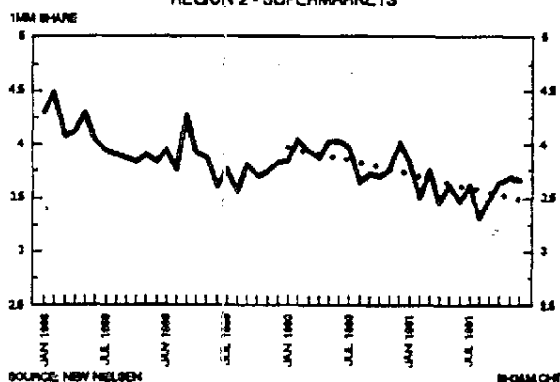
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# NEW NIELSEN TOTAL B & H REGION 2 TRADE CLASSES

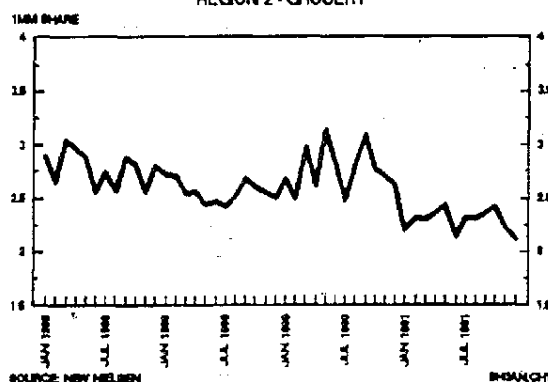
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REGION 2



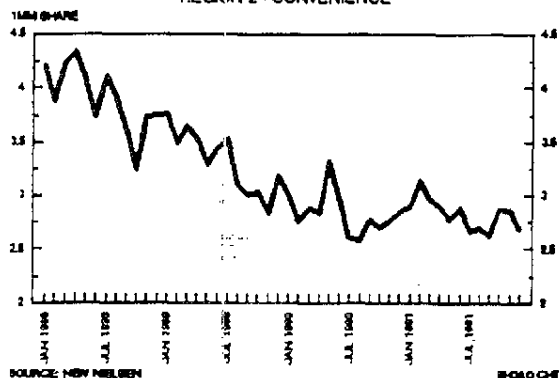
TOTAL B & H  
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REGION 2 - SUPERMARKETS



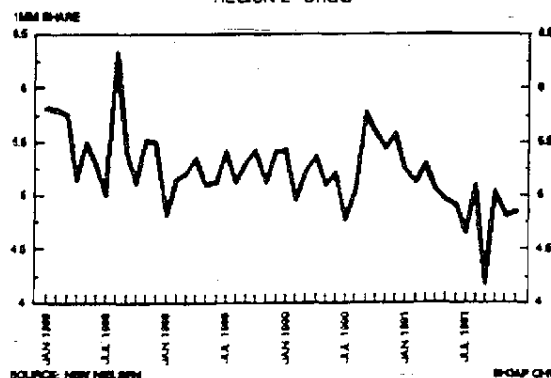
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 2 - GROCERY



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 2 - CONVENIENCE



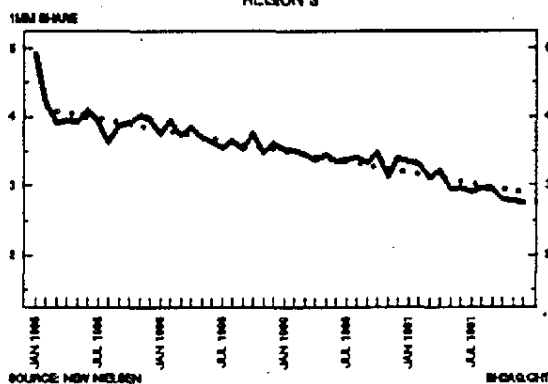
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 2 - DRUG



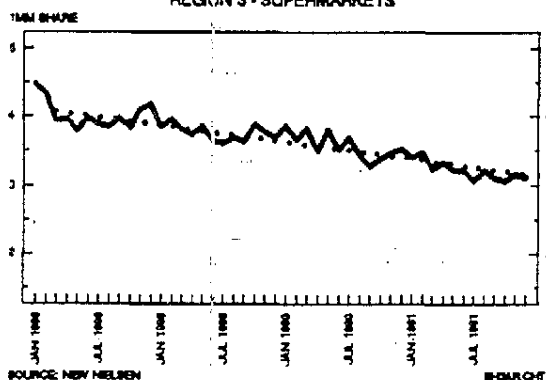
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# NEW NIELSEN TOTAL B & H REGION 3 TRADE CLASSES

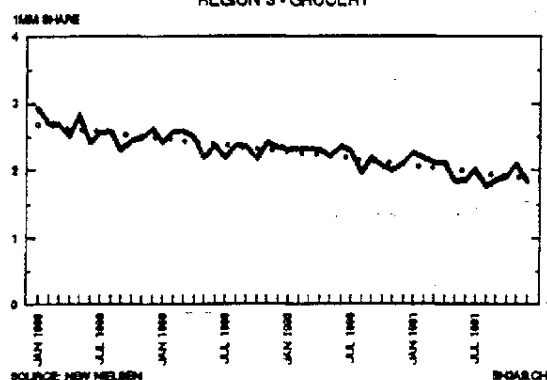
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 3



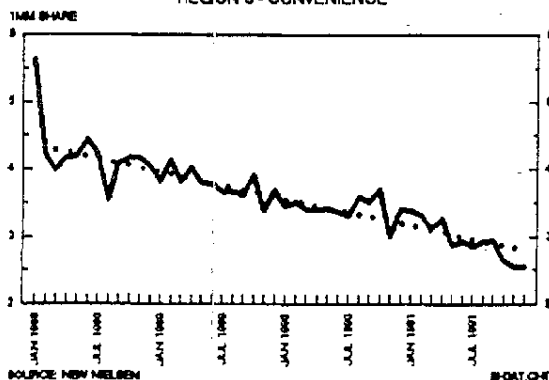
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REGION 3 - SUPERMARKETS



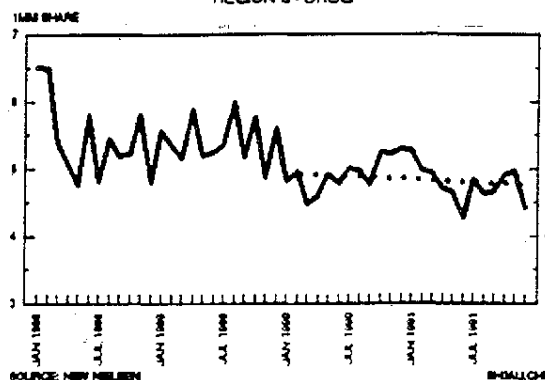
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 3 - GROCERY



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 3 - CONVENIENCE



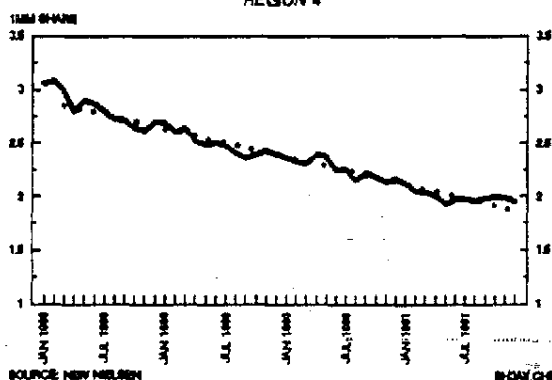
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MONTHLY CONSUMER SALES SHARE  
REGION 3 - DRUG



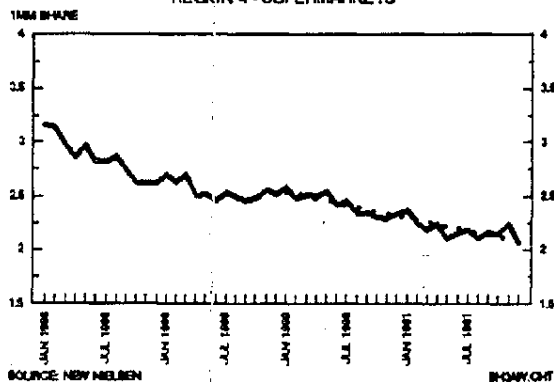
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# NEW NIELSEN TOTAL B & H REGION 4 TRADE CLASSES

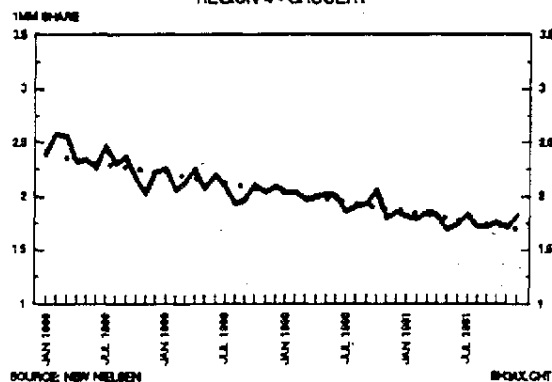
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 4



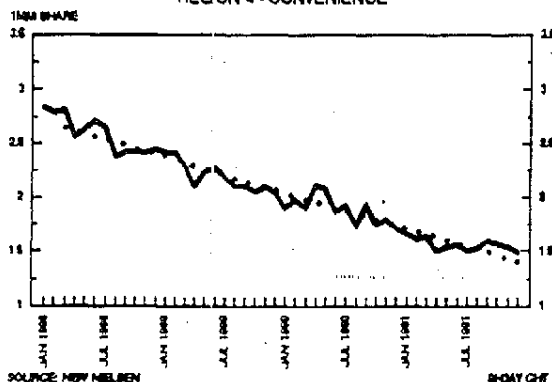
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 4 - SUPERMARKETS



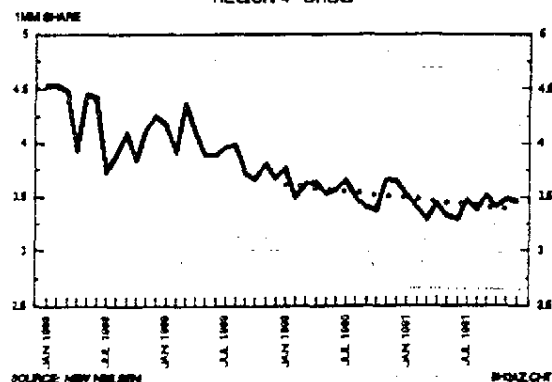
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 4 - GROCERY



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 4 - CONVENIENCE



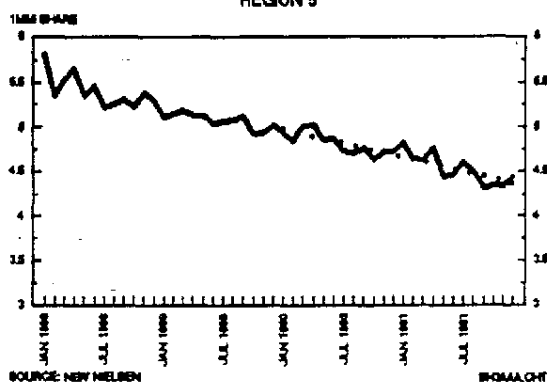
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 4 - DRUG



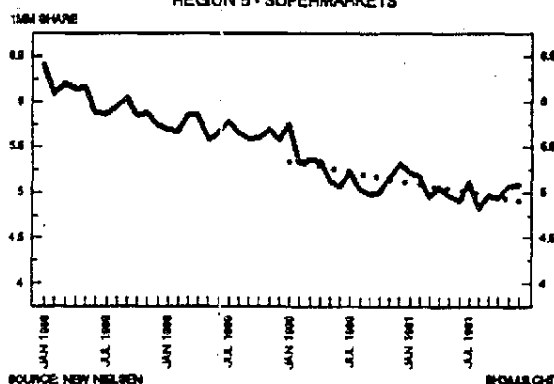
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# NEW NIELSEN TOTAL B & H REGION 5 TRADE CLASSES

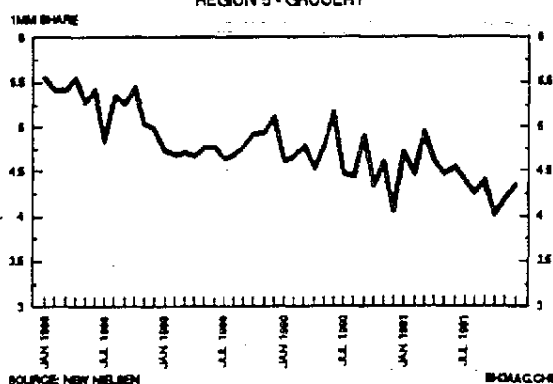
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 5



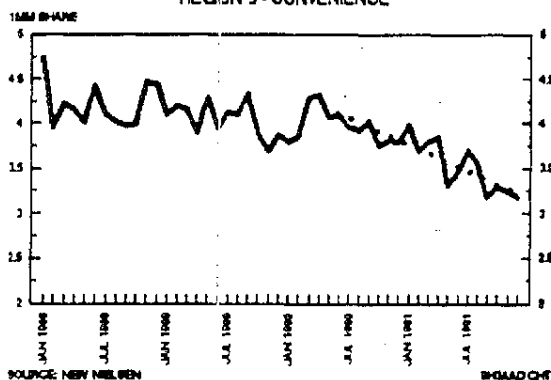
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MONTHLY CONSUMER SALES SHARE  
REGION 5 - SUPERMARKETS



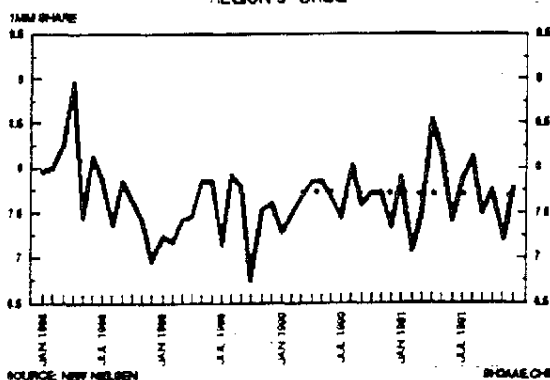
TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 5 - GROCERY



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 5 - CONVENIENCE



TOTAL B & H  
MONTHLY CONSUMER SALES SHARE  
REGION 5 - DRUG



2070511991